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State Dept. review completed

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GENERAL

1. British attitude toward US policy in China--Embassy Moscow has learned in strictest confidence that Clark-Kerr has been instructed (a) to discuss US policy in China with the State Department and (b) in so doing to avoid committing the UK in any way to a share of responsibility for that policy, which in British opinion may well culminate in failure. Before formulating its own policy the UK seeks a clearer understanding of US intentions.

EUROPE-AFRICA

2. CZECHOSLOVAKIA: Byrnes requests unused credit be withheld--Secretary Byrnes has requested the State Department to determine whether there is "any proper way" to prevent Czechoslovakia from utilizing the unused portion (approximately \$41,000,000) of the US credit in view of the general trend of the Communist-dominated Government in Czechoslovakia. Byrnes wishes no new contracts to be made.
3. BULGARIA: Government again excludes opposition--US Representative Barnes reports that Prime Minister Georgiev again has refused the US request that the opposition be allowed to participate in the Bulgarian Government before the elections. When told that world opinion would not consider the elections "unfettered" if held prior to opposition participation in the Government, Georgiev replied that "it is politically unrealistic to strive for the impossible" and that he must limit his efforts to inducing the opposition to participate in the elections.
4. AUSTRIA: Influx of refugees continues--Erhardt reports that for the past ten days refugees have been arriving in Vienna at a daily rate of about 1,000 for transfer to the US Zone Austria and thence to US Zone Germany. He points out that between 1 and 27 August USFA had to accept and transfer 22,890 Polish Jews and approximately 3,500 Jewish refugees from Hungary and the East. Erhardt believes it "imperative" that the influx of refugees from Poland be substantially decreased.
5. SWEDEN: Explanation of arms exports to Argentina--A Swedish Foreign Office official has informed US Legation Stockholm that Sweden is permitting arms shipments to Argentina (see Daily Summary of 30 August, item 8) "to avoid an Argentine damage suit" for breach of contract.

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The official added, however, that Sweden would "follow delaying tactics" in issuing arms export licenses for 1947.

FAR EAST

6. PHILIPPINES: Roxas uncompromising on law enforcement--McNutt reports that President Roxas "strongly-worded and forthright" reply to Hukbalahap leader Taruc leaves no apparent loophole for compromise on the question of law enforcement by the Philippine Government.